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SUMMARY

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German occupation policy is entering its final phase in eastern Europe and is preparing for that phase in the west. In the east, the Russian advance has removed rich areas from German control and cut the ground from total economic exploitation with the result that the central agencies of this exploitation are being dissolved. In the east and southeast, the transfer of the territory to military administration is bringing with it a political emphasis by Germany on her mission of national liberation, a line which the Nazis have always followed in the period of military administration. In the west, the Germans are preparing occupied territory for this transfer, and while maintaining as a front the political line of collaboration, are actually more than ever subordinating the collaborationist elements to themselves as tools in the suppression of the native populations. The Germans in Italy furnish an example of an occupied western territory actually in the final phase of occupation. This example gives an intimation of the "socialistic" line which the Nazis are leaving as their last legacy and with which Allied occupation authorities may have to reckon. This study continues R. & A. No. 1342, Further Developments in German Occupation Policy, and should be read in conjunction with R. & A. No. 1564, on German Policy in the Balkans.

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DEVELOPMENT OF GERMAN PATTERN OF OCCUPATION

In both eastern and western occupied Europe the increasing pressure of the unfavorable military situation is forcing the German scheme for the political and economic domination of Europe into a new phase--expanding demands for military security and in areas of German defeat nominal concessions in the marginal field of civil administration.

1. German policy, as conceived in the halcyon days of the occupation, looked to the incorporation of occupied Russia as a colonial space into the Greater German Reich. Politically, the Nazis were anxious to secure Germany for all time from Eastern attack by a total German domination of the Eastern peoples. Economically, they instituted a pattern of total exploitation which would not only help in the winning of the war but would play a permanent part in the German domination of the European economy. In both respects, the victories of the Soviet armies have driven German policy into a new pattern.

A. In the sphere of general political administration, the Germans have already achieved an almost total control over certain areas, especially under military authority. In the Baltic countries, for example, the whole shoreline to a depth of two kilometers inland has been declared a prohibited area, and has evacuated the civilians to the interior; only certain ports and industrial areas like Tallinn and Riga have been excepted.^{1/} It has been further reported that Transnistria

^{1/} News Digest 1313, quoting Svenska Dagbladet, Dec. 8, 1943.

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die for their homeland, which had been liberated by the Germans "1/ On December 24, the German General Commissar announced the establishment of a new organ of self-administration in White Ruthenia the White Ruthenian Central Council, with headquarters at Minsk. The official function of the new body is stated to be co-operation with the German authorities in mobilizing "all the forces of the White Ruthenian people against the yoke of the Bolshevik Reign of Blood." It has the power and the obligation to propose to the German authorities all suggestions contributing to this mobilization, but only for social, cultural, and educational matters can it make decisions and supervise their execution. The President of the Central Council is appointed and dismissed by the German General Commissar, and the other members by the General Commissar on the nomination of the President. The first President is a Professor Ostrovski, who has revealed the function of his council by making an appeal to the White Ruthenians to share Germany's blood sacrifice in the east, promising as a reward the destruction of the collective farm system and the reconstruction of White Ruthenian culture. This is only one of several measures taken at this time by the Germans which sets up the necessity of contribution in return for concessions: a network of strong points and armed villages garrisoned by native volunteers enrolled in police units and rewarded by the grant of property and land under the special protection of the German authorities was created; from 1 January extra rations are to be issued for the loyal performance of duties;

1/ News Digest 1321, quoting DNB, 17 Dec. 1943.

any opposition to the German program was declared subject to severe punishment.^{1/} Thus the Germans have themselves established the connection between their concessions and the mobilization of the natives of the territory for the military struggle. The character of the political concession is determined by the fact that actually little that is new is granted. Authority in the spheres of culture, education, and social affairs--those matters in which the newly-created Central Council is competent--has long been exercised by another German-sponsored and dominated native institution, the Self-Help Organization. This agency has regional branches which are represented on the staffs of the German Regional Commissars and on the "national" level its Director has an official place on the staff of the General Commissar for White Ruthenia as Reporter for White Ruthenian National Affairs. Moreover, a White Ruthenian Trust Committee (Vertrauensausschuss) has also been in existence for some time as a central body making liaison between the population and the German civil administration. The competence of the new Central Council hardly goes beyond the powers of these prior native bodies, and this fact betrays its nominal nature. The propaganda character of the German concession is further emphasized by the fact that it is not in harmony with the actual conditions in White Russia, since there has been little collaboration on the part of the native population. Indeed, the territory has a long record of active resistance. In September, Rosenberg publicly admitted that 15% of the German agricultural leaders

^{1/} Press Intell., quoting Transocean, 24 Dec. 1943; ibid, quoting Vilnaer Zeitung, 24 Dec. 1943; Bern wire, 123, 6 Jan. 1944.

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in White Ruthenia have been killed by "bandits", and this activity was climaxed by the assassination of Wilhelm Kube, the General Commissioner.

Reports reaching the Polish Government in Exile state that the propaganda of collaborationist elements (a small group of White Ruthenian intelligentsia, mostly imported from Germany and Czechoslovakia) does not penetrate to the masses. Landless peasants and farmhands as well as workers are almost exclusively pro-Soviet. "The presence of Soviet guerrillas in White Russia as the only positive force creates sympathies for the Soviets and fosters faith in their might" writes a Polish political observer. Other groups, which are not for outright incorporation into the Soviet Union, are nevertheless opposed to the Germans. White Ruthenian nationalists are reported to have created a clandestine party (PBN, Party of White Russian Nationalists) with an executive committee in Minsk. Some of them are pro-Polish. Members of the clandestine Central Committee have approached agents of the Polish Government in Exile and made various suggestions for the solution of the territorial problems of Polish White Ruthenia: establishment of an autonomous White Ruthenia as member of a Slav Federation or creation of an autonomous White Ruthenian province in Poland.

Pro-Polish tendencies are reported to be waning now in face of the advance of Soviet armies. 1/

The German political pattern in the Ukraine is similar, save that there no new native body has been created. The Ukrainian national

1/ See Special Report on Polish Underground, R. & A. 1201; Situation Report, Central Europe, 3 Jan. 1944.

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Committee setup in March 1943 under the similar circumstances created by the Soviet offensive after Stalingrad is played up. The German press has published the account of meetings of Ukrainians in many towns, including Rovno, the provisional capital, protesting against the attempts at assassination which have been made upon members of the German civil administration and the Wehrmacht. 1/ The Ukrainians, according to the German despatches, resent the attempt of the Soviet Union to implicate them in Bolshevik crimes and pass resolutions condemning them. 2/ The function of the German emphasis, under conditions of defeat, upon their liberating mission, comes out clearly in their broadcasts to Russian-occupied Ukraine. These seek to raise a fifth column whose hopes will be based on Germany. The Ukrainian flag will once more fly over Kiev and Kharkov for the Ukrainian Army of Liberation is marching towards the Ukraine. "Ukrainians young and old, peasants, workers, and intellectuals--the Ukrainian army is coming to you. To arms! Forward against the terrible enemy, the Bolshevik tyrant! For our freedom for a prosperous Ukraine, for our culture, for our present misfortunes and for the future. For our brothers languishing in Bolshevik prisons, for Free Ukraine--death to the Bolsheviks! Death to Stalin!" 3/

1/ This was probably occasioned by the assassination of S. I. Oberführer, head of the Rovno Special Court.

2/ News Digest 1314, quoting Deutsche Ukraine Zeitung, 23 Nov. 1943. (Do not quote).

3/ FCC Daily, Germany in Ukraine to the Ukraine, 22 Nov. 1943. It is significant in this connection that the only recent expansion of German activity in the Ukraine is in the field of radio broadcasting. News Digest 1331, Deutsche Ukraine Zeitung, 6 Nov. 1943.

The background against which this liberation policy must be seen is the beginning of the end of the German civil administration in the Ukraine. Reich Commissar Koch, in his New Year's proclamation to his German administration revealed this fact bluntly: "The shortened front lines confront us with new and unaccustomed tasks. Our duties differ from 1942; instead of building up, we are now winding up."1/

3. In the economic sphere, the same breakdown of the pattern of civil administration is taking place. Koch's proclamation to the civil administrators of the Ukraine announcing the end of the program of reconstruction means, economically, a transition from a fundamental economic reorganization by and for German economy to an economic administration for military purposes. Thus Koch declared that the task of sending supplies to the front and surpluses to Germany remained the same, for "our duty towards the Fuehrer and the front soldiers is to make the riches of this country available to the German war effort."2/ But the Reich authorities are in process of dismantling their apparatus for the permanent integration of the Occupied East into the German economy. The central office for the administration of economy in Occupied Russia, located in Kovno, has been taken over by Speer, who has been entrusted with its liquidation and its transfer farther west. The Eastern Central Trading Co. (Zentralhandelsgesellschaft Ost, mbH) retains four offices-- in Lutzk, Minsk, Riga, and Vinnitza--of the 600 it formerly had. The

1/ Bern wire, 408, 18 Jan. 1944.

2/ Ibid.

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central administrative offices in the Ukraine of the Eastern Trade Promotion Co. (Wirtschaftseinsatz Ost, GmbH) have been dissolved or transformed into temporary liquidation offices. 1/ The dissolution of these bodies means that the economy of remaining German-occupied Russia has been turned over again to the Economic Staff East of the Wehrmacht for control on a military basis. 2/ and that total civil exploitation has been given up. The meaning of this surrender becomes clear from the fact that the economy of the Occupied East has been directed centrally by Reich Government agencies with the purpose of integrating it completely into the German war effort. The Main Department for Economics within the Reich Ministry for the Occupied Eastern Territories was never formed; instead, the administration of economic affairs was given, for the duration of the war, to a special body called the Leadership Staff for Economic Policy (Fuehrungsstab Wirtschaftspolitik), which was led by the official for Occupied Eastern Affairs within the Reich Ministry of Economics. The Leadership Staff functioned in close harmony with the military Economic Staff East and with the other Reich agencies concerned with the German war economy. It would seem to be this office which has now been turned over to Speer for liquidation. The two companies concerned were the most important Reich Government corporations created to exploit the Occupied East; they were trustees, not merely of the territorial administration, but of the Reich. The Zentralhandels-gesellschaft Ost, (ZO) mbH was established in July 1941 by a decree of Goering

1/ Bern wire, Dec. 19, 1943, OSS 26288.

2/ Quote R. & A. Study, "Technical and Economic Troops in Occupied Europe", R. & A. No. 878.5.

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as Delegate for the Four Year Plan with exclusive control over the collection, processing, and distribution of the agricultural produce of occupied Russia. While subject to the directives of the Reich Minister for the Occupied Eastern Territories and the Economic Staff East, its members consisted of five Reichsstellen for agricultural products and its Board was composed of representatives of the Reich Ministries of Economics and Finance and of the Delegate for the Four Year Plan. The ZO was entrusted with the task of supplying the Wehrmacht and the Reich with the agricultural products from the Occupied East, and in pursuit of that all-important aim was given broad economic and administrative powers over collection, food-production, and the general process of distribution: it sets up collection systems and centers, it organizes transport, it establishes and administers food-processing factories, it provides agriculture with means of production, and it has power to conclude contracts with German firms to take over these functions for particular areas, under its constant supervision. It had twelve subsidiary companies in the Reich Commissariat Ukraine alone. It was considered as the provisional organ of State monopoly which would, through its contracts, prepare the way for the taking over by private German firms. However, with the dissolution of the Wirtschaftseinsatz Ost GmbH, the death-knell of private German trade in Occupied Russia is likewise sounded. This corporation was created in November 1942 by Coering, with the stated purpose of "harnessing the entire economic potential of the Occupied Eastern Territories to a still

greater extent than heretofore in the service of the German war economy." Actually this Government company was created as the apex of the structure of German trading firms in occupied Russia to serve as their protector and their directing agent. Specifically its tasks were to supply all the workers active in the German interest, particularly the personnel of the German trustees Eastern Companies, with consumers' goods, to correlate the planning of requirements and production of consumers' goods by the Eastern Companies, to take over as much as possible of the production of consumers' goods from the Eastern Companies and develop it elsewhere, to help in the transfer of industries manufacturing consumers' goods into the framework of the Eastern Companies, to guide foreign trade of all kinds (including both import and export for the Eastern Companies) to supply industry and handicraft with the means of production, to collect and market scrap material. The Chairman of the Administrative Council of the company was SS-Brigadefuehrer Dr. Franz Mayler, who was until recently Leader of the Reich Group for Trade, and is now Secretary of State in the Ministry of Economics. The structure of German trading companies of which the Wirtschaftseinsatz Ost is the head is controlled all down the line by this Reich Group in the Occupied East. The Foerderungsgesellschaft deutscher Handelsunternehmen Ostland mbH (Promotion Company for German Trading Enterprises in the Ostland) and the Foerderungsgesellschaft deutscher Handelsunternehmen in der Ukraine mbH were created early in 1942 by this Reich Group Trade to supervise the

ordinances of the German authorities; 1/ a decree providing that all German officials must carry arms and designating places of assembly for officials and the Armed Forces in case of an uprising; 2/ and a reorganization of the German police in Poland. 3/ This reorganization has been explained by the Germans as a result of Himmler's desire to assign SS officers with experience at the front to administrative positions in the Government General. Actually, it represents a compromise between the Wehrmacht, which wished the SS police forces removed from the Government General altogether as part of its preparation of defenses along the 1939 frontier and Himmler's desire to strengthen the SS as the representative of the executive power of the central Reich government as against the territorial administration of the Governor General. 4/ The territorial administration is preparing the region for operations through the adoption of a conciliatory line characteristic of a military administration. Governor General Frank has been making speeches calling for the collaboration of the Poles against the Soviet danger, which the Germans allege to be confirmed by the London Conference: he has made at least one address in Polish praising Polish culture and has promised the "loyal understanding" of the German authorities for all Polish collaborationists. 5/

1/ Weekly Round-up, Central Europe, 1 Nov. 1943

2/ Political Intelligence Report, Central Europe, 27 Nov. 1943.

3/ Ibid., 4 Dec. 1943; Situation Report, Central Europe, 11 Dec. 1943

4/ Ibid.

5/ Political Intelligence Report, Central Europe, 6 Nov. 1943; Situation Report, Central Europe, 1 Jan. 1944; Press Intell., Soviet Press Review, 6 Jan. 1944

III. German policy in the Balkans since the collapse of Italy throws the latest phase of the pattern of occupation into the clearest relief, since in that area every condition for it is strongly represented.1/ Militarily, invasion by the Western Powers is imminent; the armies of the Soviet Union are approaching; full-scale operations are already taking place against the partisans. Politically, the defection of Italy as an occupying force has left great gaps in the control system over which German military administration must be stretched and at the same time has given Germany the opportunity to play the role of liberator and thereby attract collaborating native forces to ease the administrative burden in civil affairs. The result has been a complete reorganization in the field of military administration proper and a violent diplomatic agitation aiming at native collaboration in the administration. This is to be achieved by means of actual and promised concessions of both sovereignty and territory; by placing disputed territories on the market, Balkan rivalries are to be stirred and thereby administration on the divide-and-rule thesis made possible.

The military reorganization has dissolved the regular military administrations in Serbia and Greece and created in their stead a Military Commander for the South-east (General der Infanterie Felber) as head of the military administration and responsible to the tactical Commander for the Southeastern theatre in an operational rear zone pattern.

1/ This summarizes joint report of Balkan and Central European Sections on German Policy in the Balkans, R. A. A. No. 1564

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economic and financial questions in Rumania and in Greece, has been appointed Special Plenipotentiary, with the special mission of making the south-east a healthy sphere of European solidarity and integrating it into its natural position in the Central European economy, to use the German phraseology. Actually his mission is part of the German plan, which has been implemented as well by conferences of leaders of the Balkan countries in Berlin, to keep these countries distrustful of one another and dependent on Germany. Hence each of the concessions offered or promised has been offset by a counter-balance which keeps the favored country in the leading-strings of the Reich. Albania has been granted independence, but her Kossovo district has been put in doubt by vague promises concerning its possible transfer to Serbia. Serbia has been granted full territorial sovereignty over the Banat, but the Germans maintain their influence by the special constitution of the Volksgruppe as a public corporation within the Serb state; she has been promised access to the sea by the incorporation of Montenegro within a federal Serb state, but Montenegro has been granted her independence apparently for this very purpose and a necessary condition of the incorporation is the inclusion of the German-sponsored Montenegrin leaders within the Serb government. Croatia has been granted Dalmatia, but this has been countered by the transfer of the Adriatic coastal zone to a German Chief of Civil Administration, in apparent preparation for annexation, and by vague promises to Serbia concerning Bosnia. The Bulgarian zone of occupation has been extended but only in order to use

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Bulgarian troops in subordinate capacities throughout the strategic area of south-east, and besides her title to previously occupied parts of Macedonia and Thrace have been thrown into doubt by vague promises to Greece. Greece has been promised independence after the war and there has been talk also of the transfer of the Dodecanese and the Ionian Islands to her.

Thus by the use of national groups, like the Albanians, Montenegrans, and the Croats, who have no reason to expect anything from the Allies, and by the use of concessions and promises which keep each country vying for the favor of Germany, the Reich is attempting to play liberator as against Soviet federalism and the connection of the Anglo-American powers with the imperialism of monarchist Italy. This is to make secure the operational zone for present military hostilities and to create pro-German blocs in the Balkans after an Allied occupation.

IV In the western occupied territories, the imminence of invasion is causing the preparation of the area by the Germans for military operations, as in the east and south-east, but in a different form. This difference is based, first, on the fact that in the west there have been as yet no military operations and hence no conditions of defeat; secondly, on the fact that Germany cannot here effectively play the part of liberator as against the western Allied powers; thirdly, on the political structure of the area. Since in the west the Germans have to deal with established national states, with highly developed economies, whose populations rank high on the German racial scale, they have from the beginning conceived their military occupation as temporary, and had instituted a pattern of

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Administration by alliance or supervision. Thus in these territories a German policy of collaboration could only have been developed earlier in the war, when there were no prospects of liberation by the Allies. Now, with invasion imminent, the German political preparation can only be in the direction of increasing activity by the German occupation forces and in the use of an ever-diminishing number of native collaborationists to suppress the rest of the population. However, since hostilities in the west have not yet begun, the Germans can continue the facade of their old pattern: the collaborationist tools are still publicly considered as the representatives of the political wills of their respective nations and maintain authority within the limits set by German military security. The result is a wavering policy which alternates between intensifying the German hold and utilizing the native authorities.

A This confusion in the German pattern shows most clearly in Denmark, the representative, in the previous stage, of German administration by alliance. Werner Best, formulator of the Nazi occupation policy based on political and racial lines, is still trying to reach a solution which will save in some degree the collaborationist policy to which he is committed. General von Hanneken, as Commander in Chief of the German troops in Denmark and responsible for its military security, favors a full-scale military occupation and the crushing of all internal resistance. The clash of these policies appears to be growing in intensity as the military danger increases. According to a recent report, Hanneken has become so enraged that at one point he was considering Best's arrest, a move which was averted by the latter's support by the Gestapo.^{1/}

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It must be emphasized that this opposition lies in the question of means rather than ends. Both Hanneken and Best agree that Denmark, as a strategic area, must be strictly controlled, but whereas Hanneken would bluntly recognize that the Danes are an enemy people, Best would preserve some form of collaboration with at least some sections of the population. Hanneken is the military realist, Best the captive of his own ideology. This difference came out clearly in their statements on the Danish executions, of which both approved. Hanneken said: "The sabotage done in Denmark is only a pinprick, but the Wehrmacht will not and cannot tolerate it any longer. Friendliness is now at an end. We are fully aware that we will not get at the English-speaking saboteurs, but we will stop sabotage acts inspired by youthful romanticism or misled idealism. By these death sentences we shall strike terror into the population and they will therefore not be in vain."^{1/} Best said that the German authorities have waited with great patience for the Danes themselves to restore order in their country; unfortunately Germany's patience seemed to have been interpreted by the Danes as a sign of weakness; Germany's fight against the people guilty of acts of sabotage or attempts at such acts would be conducted with extreme measures until public order is restored. He concluded by expressing the hope that the severe measures of the past months would help to restore the Danes

^{1/} News Digest, 1309, quoting Svenska Dagbladet 4 Dec. 1943.

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German sense and political judgment. 1/ The result of this split has been to wake a curiosity of German policy in Denmark. The fiction of an autonomous Danish government has been maintained although there is no Parliament, and no Cabinet. Eleven Danes have been executed, four others have had their sentences commuted. The Germans have published an agreement between the German and the Danish police whereby persons committing acts of sabotage against Danish property or Danish industry working for the German Armed Forces will be sentenced by Danish courts, and only persons committing sabotage directly against the German Armed Forces will be tried by German military tribunals. 2/ Actually, however, the ground given for death sentences by German courts martial is the general crime of sabotage without distinction and Gest has expressed its distrust of the Danish police and demanded that all those who opposed the Germans be dismissed. 3/ The German Security and Order Police are active in Denmark, but the native anti-sabotage bodies, like the Schalburg Corps, are given all the publicity by the German-controlled press. In the mobilization of Danish labor for work on fortifications, the Germans have refrained from direct compulsion but rather have demanded quotas of workers from the Danish authorities. A state of emergency has been declared in Jutland, where the German

1/ News Digest, 1309, quoting Transocean 5 Dec. 1943.

2/ FCC Daily, Transocean in English to the Far East, 29 Nov. 1943.

3/ Press Intelligence, quoting Svenska Morgonbladet, 6 Dec. 1943.

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military has taken over and are constructing defenses; yet administration and compulsion has not been put directly by the Wehrmacht upon the population, whether the Danish authorities have been compelled to set up a special regional administration to collaborate with the Germans. In all these things, the desire to get the substance while preserving the old forms is evident, and it is for this clinging to the outward pattern of collaboration that Waken opposes Best.

In Norway similarly measures for military security are being taken. Evacuations of the children and the aged from coastal towns for reasons of military safety have been reported 1/ More significant have been the executions and the taking of hostages. The best known of these measures was the arrest and deportation to Germany of 1200 Norwegian Army officers by order of the Commander in Chief of German troops in Norway, and the deportation of the Oslo students to Germany 2/ In spite of the fact that the Oslo University controversy had been the concern of the Norwegian NS, the arrest was carried out by the German military and police, with Norwegian units playing a subordinate role. While this action has now been suspended, a recent report states that the Germans have begun to take "free hostages" among the students and teachers at Trondheim College 3/ The German authorities have been enabled to make a verbal defense of their old political line of racial collaboration in

1/ Stockholm wire, 141, 15 Jan. 1944.

2/ See Situations Report, Central Europe, 11 Dec. 1943.

3/ London wire, 26, Dec. 31, 1943.

Norway, to justify these measures, by pointing to the Quisling government as the representative of Norway. Hence in his reply to the Swedish note of protest on the Oslo students, Ribbentrop insisted not only that Germany was acting for her own military interests as occupant, but also that she was defending Norway's interests against disloyal subjects, and that therefore the Swedish government had no right to speak for Norway by representing herself as both military occupant and ally of Norway. Germany has been enabled to prepare the territory for the stage of military administration while maintaining her attempts at collaboration. Hence it has been recently reported that even the German military authorities in Norway including the Commander in Chief of the German troops, Falkenhorst, has decided to support the Quisling regime unequivocally as the only possible government for the crisis; the US government, in return, is co-operating with the Wehrmacht in decentralizing the Norwegian administration in preparation for its use by the local German military commander 1/

C. In Belgium and France, which are under regular military administration, the preparation of the territories for hostilities does not involve any great administrative changes. Yet even here the development is clear. There have been persistent reports of a change in personnel of the German military administration of Belgium and Northern France. According to these, General Falkenhausen has been replaced as Military

1/ Stockholm via London wire, 76 10 Jan. 1944.

Commander of Belgium and Northern France by SS-Obergruppenfuehrer Wiegand. Since Falkenhausen has sought to represent himself as a soldier, gentleman, and an opponent of the SS policy in Belgium, this move is interpreted as a tightening of the controls in advance of the invasion.^{1/} Following the same pattern is the report of the decision by the German military administration in Belgium to seize all radio sets.^{2/} The formation of new anti-terrorist squads by order of the German-appointed commandant of the Belgian Gendarmerie illustrates the careful use the Germans now make of the collaborationists. The squads attend courses given by the German police and their duties are connected with those of the Germans.^{3/}

D. In France, similarly, the German military controls are being extended and a wary, selective use is being made of the most militant collaborationists. Abetz, formerly a representative of the Reich Foreign Office at the office of the head of the German military administration in France and advocate of a policy of collaboration has returned to France and, according to reports, has proposed to Petain the elevation of the militant collaborationists to the cabinet to work with the Germans in putting down resistance.^{4/} The result has been a reorganization of the Vichy cabinet to include the most extreme French Nazis, including

^{1/} Situation Report, Western Europe, 13 Jan. 1944.

^{2/} Political Intelligence Report, Western Europe, 6 Dec. 1943.

^{3/} Ibid.

^{4/} See W. Weekby, 24 Dec. 1943.

The leaders of the para-military units. 1/ This use of an even smaller number of Frenchmen by the Germans in reality marks the end of the policy of collaboration and the beginning of the transfer to direct German control; at least one of the para-military organizations which are being encouraged has now been enrolled directly under the German SS and is subsidized by the Germans. 2/ It is reported that the Germans are prepared to extend direct military control over all France, since the necessity of securing strategic lines now outweighs political policy. 3/ and General von Rundstedt tactical Commander of the Army Group West is reported to have conferred with Goebbels on measures to be pursued to guard against an Allied invasion. The French police are to be put under German command. French Army officers are to be arrested and sent to Germany. All political suspects are to be imprisoned. 4/ The German abandonment of collaboration in France is confirmed by the report that the Germans are not perturbed by the increasing defection of French collaborationists since it will ease their task of taking over the administration when military events demand it. 5/

6. In the Netherlands, as in France, the intensification of German repression - and a scene of increasing defection of Nazi sympathizers - has led to greater employment of the most reliable collaborationists against the rest of the population. New armed bodies of Dutch Nazis have been

1/ Situation Report, Western Europe, 3 Jan. 1944.

2/ See Weekly, 31 Dec. 1943.

3/ Ibid. 15 Oct. 1943.

4/ Ibid. 12 Nov. 1943.

5/ Daily Intelligence Summary, 10 Jan. 1944.

of a departure from the Reichsmacht. Moreover, the settlement of politically reliable Reich Germans in Luxembourg must be intensified. It was emphasized that this solution of the problem was necessary to the security of the Reich.

Three factors are behind the fact that a more liberal political line is being taken in the occupied east than in the occupied west: the existence of national states in the west as opposed to the national minorities in the east, the character of the enemy--the Anglo-Americans in the west and the Soviet Russians in the east, and finally the actual conditions of military defeat in the east as opposed to mobilization for resistance in the west. These factors make it unfeasible for the Germans to exploit the political line of national liberation in the west. That the final phase of German occupation policy in the west--only to be when conditions of military defeat will appear is already indicated in the German pattern in occupied northern Italy. While the area is under strict military control and is especially subjected to severe economic looting and exploitation of the military type, the Germans are following a socialist propaganda line in order to show Allied occupation policy in an unfavorable light and to create nuclei of workers' resistance to the Allies in Italian territory conquered and to be conquered.^{1/} An intimation that this policy will be extended to western Europe has

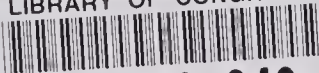
^{1/} USF Daily Intelligence Summary, 6 Jan. 1944

already been given in an address by Goebbels in August, Reich Commissioner for the Occupied Netherlands, in praise of communism 1. The final function of Nazi occupation may well be to play the socialist friend of western European labor against the "capitalistic" Anglo-American powers, just as it now exploits the theme of national liberation in the east against the "imperialism" of the Soviet Union.

1 See Situation Report, Central Europe, 13 Jan. 1944

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